

# Appendix I:

## Indirect Rate Agreement



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
50 United Nations Plaza, Room 347  
San Francisco, CA 94102

JAN 30 2006

Shari Watkins, CPA  
Dir. of Fiscal Operations  
Utah Department of Health  
Martha Hughes Cannon Building  
288 North 1460 West  
P.O. Box 144003  
Salt Lake City, UT 84114-4003

Dear Ms. Watkins:

A copy of an indirect cost Negotiation Agreement is attached. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government. Please have the Agreement signed by a duly authorized representative of your organization and return it to me BY FAX, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost proposal together with supporting information are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on your fiscal year ending 06/30/06, is due in our office by 12/31/06.

Sincerely,

Wallace Chan  
Director

Attachment

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY FAX

Phone: (415) 437-7820 - Fax: (415) 437-7823 - E-mail: dcaanf@psc.gov

# STATE AND LOCAL RATE AGREEMENT

EIN #: 87 6000545

DATE: January 25, 2006

DEPARTMENT/AGENCY:  
Utah Department of Health  
Martha Hughes Cannon Building  
288 North 1460 West  
P.O. Box 144003  
Salt Lake City

FILING REF.: The preceding  
Agreement was dated  
July 7, 2005

UT 84114-4003

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

## SECTION I: INDIRECT COST RATES\*

RATE TYPES: FIXED		FINAL	PROV. (PROVISIONAL)		PRED. (PREDETERMINED)	
TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO	
	FROM	TO				
FIXED	07/01/06	06/30/07	7.5	(1)	All	(A)
PROV.	07/01/07	06/30/09	7.5	(1)	All	(A)
PRED.	07/01/04	06/30/07	3.0	(2)	All	(B)
PROV.	07/01/07	06/30/08	3.0	(2)	All	(B)

- (A) All Programs except ED Restricted Programs  
(B) ED Restricted Programs Only

### \*BASE:

(1) Direct salaries and wages including all fringe benefits.

(2) Total direct costs excluding capital expenditures (buildings, individual items of equipment, alterations and renovations), that portion of each subaward in excess of \$25,000 and flow-through funds.

DEPARTMENT/AGENCY:  
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Martha Hughes Cannon Building

AGREEMENT DATE: January 25, 2006

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SECTION II: SPECIAL REMARKS

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TREATMENT OF FRINGE BENEFITS:

This organization identified the cost of each fringe benefit separately as a direct cost when budgeting and charging fringe benefits under Federal projects. The fringe benefits listed below are treated as direct costs.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The following fringe benefits are treated as direct costs:

FICA, WORKERS COMPENSATION, LIFE/HEALTH/DENTAL INSURANCE, UNEMPLOYMENT COMPENSATION, AND STATE RETIREMENT.



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SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-87 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE DEPARTMENT/AGENCY:

Utah Department of Health  
Martha Hughes Cannon Building

(DEPARTMENT/AGENCY)

*Shari A. Waters*

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

*Wallace Chan*

(SIGNATURE)

Wallace Chan

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

January 25, 2006

(DATE) 1089

HHS REPRESENTATIVE: Helen Fung

Telephone: (415) 437-7820